

IDAHO STATE TAX COMMISSION
COMMISSIONERS' OPEN MEETING
MINUTES OF MEETING HELD FEBRUARY 5, 2014

In attendance: Commissioners Richard W. Jackson, Tom Katsilometes, and Ken A. Roberts; Michael Chakarun, Debbie Coulson, Valerie Dilley, Steve Fiscus, Roxanne Lopez, Robin O'Neill, Chuck Pond, Mark Poppler, Liz Rodosovich, Mike Teller, Randy Tilley, Bill von Tagen; Cynthia Adrian, Alan Dornfest, McLean Russell, Don Williams; George Brown, Chelsea Kidney, and Mat Cundiff; Celin Adams, Dorice Archibald, Rod Brevig, Dwayne Hines, Renee Marsh, Marc Norton.

Public Session.

Commissioner Ken A. Roberts convened the open meeting. Commissioner Langhorst was not in attendance.

Commissioner Roberts introduced and welcomed the guests Ben Davenport, of the Associated Taxpayers of Idaho (ATI), and Tyler Mallard, of Risch & Pisca, LLC. Also, Steve Miller, a retired Tax Commission Revenue Operations division administrator, was in attendance.

Presentation of Certificates of Service.

Roxanne Lopez, Human Resources Officer, acknowledged the employees receiving a Certificate of Service, and stated how much their years of state service were appreciated.

The Certificate of Service recipients were: Dorice Archibald, Tax Compliance Officer 2, in the Boise Field Office (Collections Division) for 15 years of state service; and Renee Marsh, Tax Automated System Specialist, (Revenue Operations) for 30 years of state service and a thank-you letter from the Governor.

The Commissioners congratulated the recipients and said how the recipients' years of dedicated state service was commendable and the everyday work they do is appreciated.

Business Requiring Vote of the Commission.

Minutes: Open Meetings – January 15, 2014.

Commissioner Katsilometes moved that the minutes of the open meeting held on January 15, 2014, be approved. Chairman Richard W. Jackson seconded. There were no comments or amendments. All voted in the affirmative, and the minutes of the open meeting were approved.

2014 Forestland Values.

Rod Brevig, Forest Tax Administrator, presented the 2014 Forestland Values for the state of Idaho. Rod gave a PowerPoint presentation explaining the Idaho forestland values and recommended the Commission's approval. Rod responded to a question from Mark Poppler noting that Idaho's model is specific to Idaho and not according to market value. The model is different from other models, since it is negotiated with the Committee on Forest Taxation Methodology (CFTM).

Commissioner Katsilometes moved that the 2014 Forestland Values recommended by Rod Brevig be approved, and Chairman Jackson seconded. There were no further comments or questions. All voted in the affirmative, and the motion passed.

There was no more business requiring a vote of the Commission.

Administrative Reports.

Management Services, Mark Poppler.

Mark Poppler, Financial Officer, noted that the Joint Finance & Appropriations Committee's (JFAC) hearing is next Monday morning at 8:30 a.m. (MST). This is the Tax Commission's presentation of the Governor's Budget Recommendation before the JFAC committee.

Mark noted that Glenda Smith had been selected as the new Accounting Supervisor, filling the position vacated by Cherie Woodworth's recent retirement. Glenda formally started the position this past Monday, and her previous position in the Accounting department will soon be announced as open for recruitment.

Mark noted that Management Services (MS) has received the approved first claim for reimbursement under the STARS program (Sales Tax Anticipation Revenue), also known as the Pilot Demonstration Project Fund, from the Village at Meridian project. This program was passed in the 2008 legislature for the purpose of establishing a new method for financing public transportation infrastructure. Basically, a developer who spends the necessary minimum (currently \$4,000,000) on a qualifying retail complex can register with the Tax Commission, and have sixty percent of their sales tax payments go into the Pilot Demonstration Project Fund. If the developer is then able to obtain approval from the Idaho Transportation Department to build an interchange or other public transportation improvement with a minimum value of \$6,000,000, they can file claims for cost reimbursement from the Pilot Demonstration Project Fund. The sales tax diverted is capped at a maximum of \$35,000,000 per project.

Now two developers have met these requirements and have submitted claims for reimbursement. Approximately \$2.5 million is currently in the fund for this first reimbursement to the Village at Meridian. A brief discussion followed.

There were no more administrative reports.

Reports on Rules Committees.

Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules – Committee Chair, Cynthia Adrian.

Cynthia Adrian, Income Tax, Administration & Enforcement, Kilowatt, and Mine License Rules Committee Chair, reported that the committee is conducting preliminary discussions to determine which rules may need to be negotiated. The committee is also following current legislation to see if any existing rules will be impacted.

Commissioner Roberts asked if all the Tax Commission's proposed rules have been submitted to the legislative committees. Cynthia responded that all the rules for this year have been submitted. All of the income tax rules have been approved by both the House and Senate committees.

There were no further questions.

Motor and Special Fuels Tax Rules – Committee Chair, Don Williams.

Don Williams, the Motor and Special Fuels Tax Rules Committee Chair, reported that the technical correction bill H 364 had passed out of committee and was in print review. Docket 35-0105-1301, Administrative Rules Review, includes amendments to Rules 105, 270, 292, 410 (not negotiated), and 510. The docket has passed the Senate Transportation Committee on January 14, and the House Transportation & Defense Subcommittee on January 20, but is waiting to be presented to full House committee.

Don noted that there were no external motor fuels rules committee meetings scheduled at this time. An internal committee meeting that afternoon would look at three rules requests received from the Department of Administration.

There were no questions.

Sales Tax Administrative Rules – Committee Chair, McLean Russell.

McLean Russell, Sales Tax Administrative Rules Committee Chair, reported that both legislative committees have heard the rules for the sales tax, wine tax, cigarette and tobacco products tax, and the prepaid wireless E911 fee. All rules besides sales tax have been approved by both committees.

In the sales tax rules, both committees had a variety of concerns about Rule 036 which covers signs. In the House, the committee rejected Rule 036 on its own, but then approved the entire docket of sales tax rules including Rule 036. This conflict was not noted until after the committee had adjourned. In the Senate, the docket of sales tax rules was held for further consideration.

McLean expects that both committees will wish to hold further discussion regarding Rule 036 before making a decision on how to proceed.

There were no questions.

Property Tax Rules – Committee Chair, Alan Dornfest.

Alan Dornfest, Property Tax Rules Committee Chair, reported the Property Tax rules were all heard by the legislative committees and two rules were controversial. There was a Rules Committee meeting on January 20 where the committee had nine rules to consider. Four of the nine rules should go ahead as negotiated rules.

Commissioner Roberts thanked all the rules committee chairs and rules coordinator for attending the Joint State Affairs Committee meeting on the negotiated rules process. Their attendance at this meeting was appreciated by all the commissioners, and helped to open up the process and show what the Tax Commission does.

There were no questions.

Other Business.

Bill von Tagen, Lead Deputy Attorney General, presented This Day in History.

This Day in History, February 5:

- 1644 – The first U.S. Livestock branding Law passed by Connecticut.
- 1778 – South Carolina became the first state to ratify the Articles of Confederation
- 1783 – Sweden recognized America's independence
- 1870 – First time a motion picture was shown to an audience – Philadelphia
- 1901 – JP Morgan formed U.S. Steel
- 1918 – First U.S. pilot shot down enemy airplane
- 1922 – Readers Digest first published
- 1948 – Dick Button became the first U.S. figure skater to win Gold Medal at Olympics
- 1948 – Gretchen Fraser became first U.S. woman to win Olympic Slalom.
- 1969 – U.S. population reaches 200 million
- 1981 – Largest Jell-O mold – Australia at 9,246 gallons
- 1987 – Dow closes above 2,200
- 1989 – Last Soviet troops left Kabul

Birthday – Zsa Zsa Gabor, star of “Queen of Outer Space”

Thought for the Day

“People will buy anything that is one to a customer”.

#1 Song

1976 – Paul Simon’s “50 Ways to Leave Your Lover”

There was no other business.

Public Comments.

There were no public comments.

Recess.

Commissioner Roberts recessed the Public Session for five minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

Reconvene Meeting.

Commissioner Roberts reconvened the open meeting.

Executive Session.

Chairman Jackson moved to go into the Executive Session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. Commissioner Katsilometes seconded. A roll call vote was given by Valerie Dilley, Executive Administrative Assistant. Commissioners Jackson, Katsilometes, and Roberts all voted in favor and the motion passed.

The Commission met in executive session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. No matters requiring a vote of the Commission resulted from the executive session.

Public Session.

Commissioner Roberts declared the Executive Session ended and returned to the public session.

There being no further business, the meeting adjourned.

Valerie J. Dilley
Secretary

Ken A. Roberts
Chair